

**PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of New Richmond Municipal Electric Utility, St. Croix County, Wisconsin, for Tariff Changes to Implement a Community Solar Garden Pilot Program 4139-TE-102

Application of River Falls Municipal Utility, Pierce and St. Croix Counties, Wisconsin, for Tariff Changes to Implement a Community Solar Garden Pilot Program 5110-TE-102

**FINAL DECISION**

**Introduction**

On July 14, 2015, WPPI Energy (WPPI), on behalf of New Richmond Municipal Electric Utility (NRMEU) and River Falls Municipal Utilities (RFMU), filed a request for approval to create Community Solar Garden Pilot Programs and associated Voluntary Community Solar Pilot Tariffs. ([PSC REF#: 271996](#) and [271994](#), respectively.) The Commission reviewed the applications during the open meeting of August 6, 2015.

The applications are APPROVED, as conditioned by this Final Decision.

**Conclusions of Law**

The Commission has jurisdiction to issue this Final Decision under Wis. Stat. §§ 15.02, 196.02, 196.03, 196.19, 196.20, 196.37, 196.395, and 196.40 and Wis. Admin. Code ch. PSC 113.

**Opinion**

The program proposals are designed to allow customers the option to purchase subscriptions to a utility-scale solar photovoltaic (PV) array. A customer purchasing a subscription will receive a monthly bill credit based on the production output of the PV array and in proportion to the customer's subscription level. The customer subscription fee will be based

on WPPI's actual costs, as determined by its Purchased Power Agreement (PPA) with the third-party solar developer, along with administrative, marketing, and overhead costs.

The pilot programs contain various provisions to protect subscribers in the event they move out of the service area or cease to be a customer of the utility for any other reason. These provisions allow subscribers to transfer or donate their subscription to another customer in the utility service area. If customers are unable to transfer or donate their subscription, the utility will purchase the subscription back, less depreciation, as provided for in the associated tariff.

Both programs will be limited to an initial cap of 250 kilowatts (kW) of capacity (direct current) with the option to expand to no more than 1,000 kW. Customers may subscribe in per panel increments of 305 watts. No customer may subscribe to more than 10 kW of a project, which will ensure that no customer may own more than 4 percent of a given array.

Like similar programs already approved by the Commission, these pilot programs will provide an opportunity to study the impacts of utility-scale solar PV facilities. NRMEU and RFMU, as part of these pilots, are required to report annually to the Commission on the following:

1. amount of energy produced by each PV array;
2. hourly production curves for each PV array and the system as a whole by month;
3. number of subscribing customers per program;
4. average subscription size in kW per program; and
5. the amount of unsubscribed shares in kW.

The reports are due to the Commission no later than May 1 of each year and include data for January 1 through December 31 of the previous year.

NRMEU and RFMU proposed a monthly bill credit amount based on a 20-year levelized avoided cost calculation. Avoided production costs (energy and capacity) and transmission costs are included in the levelized cost, along with the value of the environmental attributes of the system. Under the proposals, WPPI would retain all renewable energy credits (RECs) associated with production from the arrays. The utilities proposed to pay a levelized credit amount to subscribers over the entire 20-year term of the subscription contract. WPPI and both utilities argued that the levelized credit provides certainty to subscribers via a known payback period.

The Commission recognizes that a levelized credit provides certainty for customers and the initial high level of the credit may spur quicker uptake of these programs. However, community solar programs are still relatively new and untested in Wisconsin. A levelized credit rests on certain projections of future costs that carry too much uncertainty, especially regarding avoided transmission costs and the value of the environmental attributes. The Commission is concerned that calculating the credit over a 20-year period results in undue risk being placed on both the subscribing customers and utilities in the event that the projected avoided costs are either too low or too high. Therefore, the Commission finds it reasonable that the credit for these pilot programs be based on actual avoided costs and subject to periodic adjustments to ensure that subscribers are fairly compensated for the value of their shares. The Commission finds that these credits should be reviewed as part of a regular rate case for each utility, or not longer than every five years, whichever comes first.

WPPI also proposes to retain all RECs associated with the PV arrays and compensate the customers for their value through the monthly bill credit. However, while some subscribers may be willing to accept a higher credit rate and allow WPPI to retain the RECs, others may wish to

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have the RECs retired on their behalf. The Commission determines it is reasonable to allow individual subscribers to decide whether to have the RECs retired on their behalf or allow WPPI to purchase the RECs. To facilitate this option, the Commission directs each utility to calculate the value of the credits, both with and without the RECs, and provide the opportunity for each subscriber to determine whether to retain the RECs.

Accordingly, the Commission's approval of these pilot programs is conditioned on NRMEU and RFMU filing updated tariffs for approval by the Division Administrator of the Division of Gas and Energy. NRMEU and RFMU must also demonstrate that they have access to the information from WPPI needed to review and, if necessary, adjust the credit periodically.

The Commission received comments from RENEW Wisconsin and has taken those comments into consideration in reaching this decision.

### **Order**

1. NRMEU and RFMU's community solar garden programs and associated tariffs are conditionally approved.
2. NRMEU and RFMU shall file a revised program description and tariffs consistent with the discussion in this Final Decision within 60 days for approval by the Administrator of the Gas and Energy Division.
3. NRMEU and RFMU shall file an annual reports no later than May 1 on the previous year's production and customer-related data listed in this Final Decision.

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4. This Final Decision takes effect one day after the date of service.
5. Jurisdiction is retained.

Dated at Madison, Wisconsin, this 21<sup>st</sup> day of August, 2015.

By the Commission:

A handwritten signature in black ink, reading "Sandra J. Paske". The signature is written in a cursive, flowing style with a prominent initial 'S'.

Sandra J. Paske  
Secretary to the Commission

SJP:RSS:dlh:DL: 01262065

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN  
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**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE  
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE  
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

*PETITION FOR REHEARING*

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

*PETITION FOR JUDICIAL REVIEW*

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.<sup>1</sup> The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

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<sup>1</sup> See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.